

3 Undervalued Dividend Stocks to Buy Today

Description

As Foolish investors can attest, finding the right stock at the right price is not an easy task, especially if you're looking for one that is undervalued and has a high dividend yield. Well, in order to make things very easy for you, I've done the hard part and found three stocks that meet these criteria perfectly, so let's take a quick look at each to determine which would fit best in your portfolio.

1. Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank with approximately \$856.5 billion in total assets.

At today's levels, its stock trades at just 9.6 times fiscal 2015's adjusted earnings per share of \$5.67, only 9.1 times fiscal 2016's estimated earnings per share of \$5.97, and a mere 8.5 times fiscal 2017's estimated earnings per share of \$6.39, all of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.8.

With its five-year average multiple and its estimated 6.5% long-term earnings growth rate in mind, I think Bank of Nova Scotia's stock could consistently command a fair multiple of about 12, which would place its shares upwards of \$76 by the conclusion of fiscal 2017, representing upside of more than 39% from current levels.

In addition, the company pays a quarterly dividend of \$0.70 per share, or \$2.80 per share annually, giving its stock a 5.1% yield. It is also very important to note that it has increased its annual dividend payment for five consecutive years.

2. Keyera Corp.

Keyera Corp. ([TSX:KEY](#)) is one of the largest independent natural gas and natural gas midstream companies in Canada.

At today's levels, its stock trades at just 21.8 times fiscal 2015's estimated earnings per share of \$1.75 and only 21 times fiscal 2016's estimated earnings per share of \$1.82, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 31.7.

With its five-year average multiple and its estimated 5.3% long-term earnings growth rate in mind, I think Keyera's stock could consistently command a fair multiple of at least 25, which would place its shares upwards of \$45 by the conclusion of fiscal 2016, representing upside of more than 18% from current levels.

Additionally, the company pays a monthly dividend of \$0.125 per share, or \$1.50 per share annually, giving its stock a 3.9% yield. Investors must also note that it has increased its annual dividend payment for five consecutive years.

3. Manulife Financial Corp.

Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#)) is the largest insurance company in Canada, the second-largest in North America, and the fifth-largest in the world with approximately \$888 billion in assets under management and administration.

At today's levels, its stock trades at just 10.8 times fiscal 2015's estimated earnings per share of \$1.74 and only 9.2 times fiscal 2016's estimated earnings per share of \$2.06, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 97.2.

With its five-year average multiple and its estimated 13.5% long-term earnings growth rate in mind, I think Manulife's stock could consistently command a fair multiple of at least 13, which would place its shares upwards of \$26 by the conclusion of fiscal 2016, representing upside of more than 37% from current levels.

In addition, the company pays a quarterly dividend of \$0.17 per share, or \$0.68 per share annually, giving its stock a 3.6% yield. It is also important to note that it has increased its annual dividend payment for two consecutive years.

Which of these stocks would fit best in your portfolio?

Bank of Nova Scotia, Keyera, and Manulife Financial are three of the top high-yielding value plays in their respective industries. Foolish investors should take a closer look and strongly consider initiating positions in one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:KEY (Keyera Corp.)
5. TSX:MFC (Manulife Financial Corporation)

Category

1. Dividend Stocks
2. Investing

Date

2025/08/22

Date Created

2016/01/08

Author

jsolitro

default watermark